

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	SB 688
Version:	FA 1
Request Number:	13561
Author:	Speaker Hilbert
Date:	5/8/2025
Impact:	FY-26 State Budget: \$932,000 decrease

Research Analysis

The floor substitute for SB688 waives the payroll requirement for aerospace parts manufacturers that first applied for the five-year ad valorem manufacturing exemption between January 1, 2020 and March 16, 2021. The waiver is also applicable to facilities that were previously denied claims, as long as they continue to meet all other exemption qualification requirements.

DIFFERENCE BETWEEN FLOOR SUBSTITUTE AND ENGROSSED VERSION:

The floor substitute extends the payroll waiver to facilities that were previously denied claims for the exemption.

Prepared By: Quyen Do

Fiscal Analysis

In its current form, SB688 waives the payroll requirement for aerospace parts manufacturers that applied for the five-year ad valorem manufacturing exemption between January 1, 2020 and March 16, 2021. The measure provides that the waiver is also applicable to facilities that were previously denied claims as long as they meet all other exemption qualification requirements.

Officials from the Oklahoma Tax Commission have provided the following analysis:

ESTIMATED REVENUE IMPACT:

FY26: \$932,000 decrease in state-apportioned revenue.

ANALYSIS: SB 688 amends 68 O.S. § 2902 to modify ad valorem tax exemptions for NAICS 3364 manufacturing facilities by introducing a temporary payroll waiver. The House Floor Amendment clarifies that the waiver may also apply to previously denied claims¹.

To qualify for the payroll waiver, an application must be for a continuation of an existing five-year exemption period—not a new initial application. Additionally, the initial exemption application must have been filed after January 1, 2020, and before March 16, 2021, meaning it covers only assets acquired in either 2019 or 2020. As a result, only those applicants whose exemptions are reaching their final (fifth) year in 2025 will benefit from the payroll requirement waiver.

The waiver applies to current applications in 2025 and any previously denied applications in 2023 and 2024 that meet the requirements above. The fiscal impact is expected to be contained within FY26.

¹ The House Floor Amendment adds clarification that the Oklahoma Tax Commission has the authority to waive payroll requirements for qualifying manufacturers, including those whose previous exemption claims were denied, if all other conditions are met.

Prepared By: Zach Penrod, House Fiscal Staff

Other Considerations

None.